Washington's Infrastructure In Crisis

It's critically important to create new capacity and mobility to accommodate economic and population growth and replace aging infrastructure.

AWC
ASSOCIATION OF WASHINGTON CITIES

Our Crisis:

Roads

More than one in every three cities say that street capacity is a barrier to economic development.*

The 2005 Transportation Partnership Package provided $16 million per year in new fuel tax distribution revenues for cities. For municipalities serving 3.9 million residents, that $16 million builds approximately one mile of new road.

Bridges

Of the nearly 700 city owned bridges that are federally reported, 1 out of 4 are functionally obsolete, and approximately 1 out of 10 are structurally deficient or weight restricted. This does not include the millions of dollars needed to repair and replace structures under 20 feet.

Drinking Water

Nearly 60% of our cities will need to replace a portion of their water distribution systems in the next 10 years.

One in every five cities report that the lack of drinking water capacity is a barrier to economic development.*

Wastewater

Over 50% of our cities will need to replace a portion of their pump stations and collection systems in the next 10 years.

In more than one of every four cities, the lack of sewer/waste water capacity is a barrier to economic development.*

Stormwater

98 cities face new Phase II state and federal stormwater requirements without any dedicated state assistance.

Brownfields

Numerous urban, commercial properties need new infrastructure and redevelopment if growth management is to be successfully implemented. Yet these same properties are confirmed or suspected as sites of contamination. Local governments want to take action but lack sufficient tools. Grants for environmental cleanup of small sites is one glaring gap.

Parks and Open Space

As cities struggle to accommodate increasing density, citizens are also demanding enhanced parks and open space, trails, ballfields, and greenway corridors that help promote livability, recreation and healthy lifestyles. Even with recent increases in the Washington Wildlife, Recreation and Parks (WWRP) program, the state receives nearly $4 in requests for every $1 available –and several kinds of parks and community projects don't qualify for the funding.

**2008 AWC State of the Cities.*

All Cities Are Affected, Regardless of Size or Location

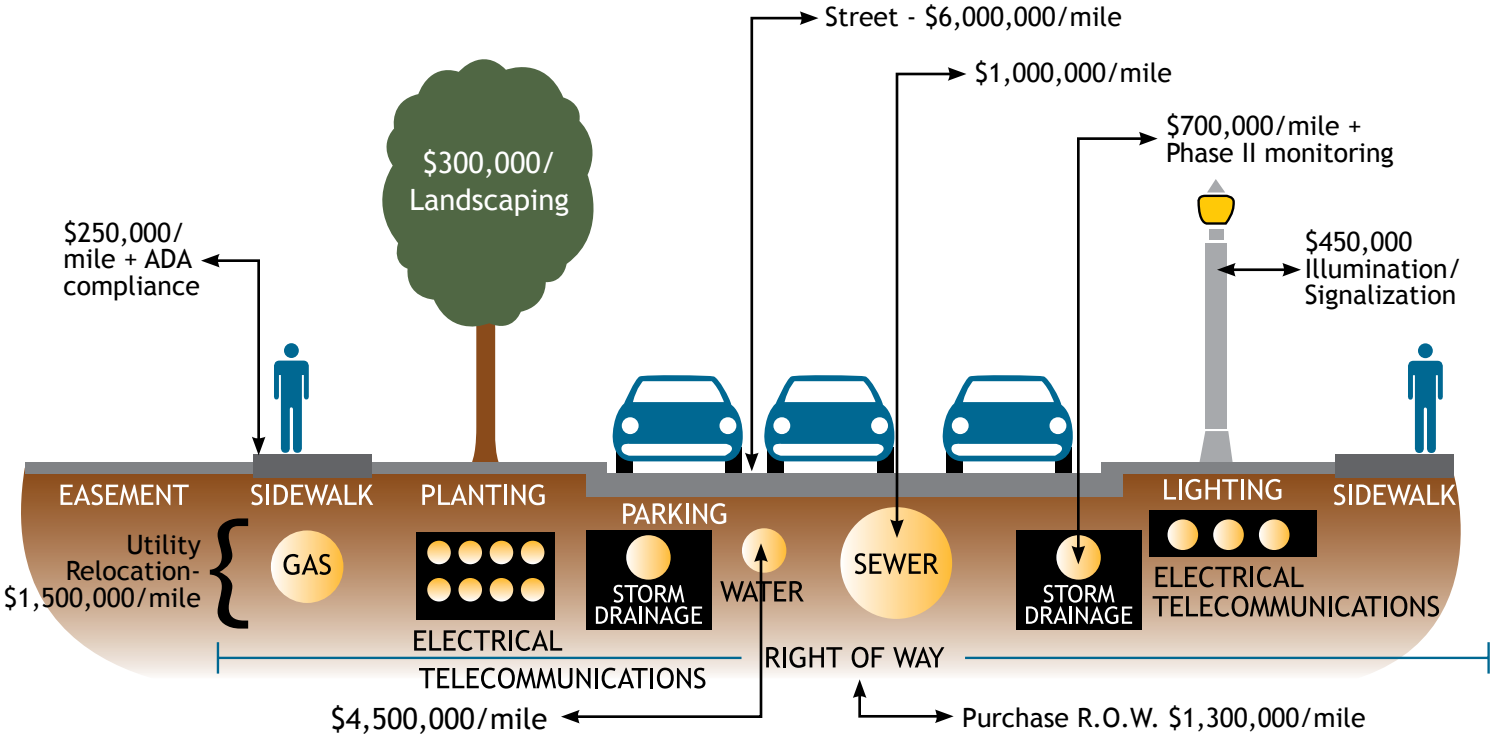
- All cities, regardless of size, identify infrastructure as a key to economic development. Good infrastructure shows confidence in our cities and signals the business community to invest in Washington.
- Newly incorporated and annexed cities need major infrastructure investments to meet urban standards.
- Larger economic centers need major infrastructure improvements to accommodate new economic growth, density, affordable housing, congestion relief, and freight mobility – requiring a level of investment that local resources alone cannot meet.
- Smaller communities lack economies of scale, and often struggle to provide utility services at an affordable rate.
- In a 2008 AWC State of the Cities research document, 65 percent of city officials indicate that state and federal mandates contribute to a city's need for sewer/waste water new construction and improvements.

Mandates continue to double and triple infrastructure costs

Year	Mandate
1971	State Environmental Policy Act (SEPA)
1971	Shoreline Management Act (SMA)
1972	Clean Water Act (includes wetlands regulations)
1973	Endangered Species Act
1974	Safe Drinking Water Act (SDWA)
1987	Clean Water Act Amendments - National Pollutant Discharge Elimination System Permits (NPDES)
1990	Growth Management Act (GMA)
1990	NPDES Phase I
1995	Critical Areas
1996	SDWA Amendments
1998	ESA - Proposed listing for Chinook Salmon in Puget Sound basins
1999	NPDES Phase II
2007	DOE issues Phase II permits Water Use Efficiency Rule
2008 PENDING	Puget Sound Partnership Climate Action Team Strategies • Transportation • Green Buildings • SEPA • Beyond Waste

Typical City Infrastructure Costs Today

City streets are more than pavement.



Plus ongoing maintenance, preservation and operating costs.

Aging Infrastructure Jeopardizes Washington's

Some of our city stories...

Burien faces $45M in unfunded street surface water management and pedestrian/bicycle safety projects. This doesn't include implementation costs for the NPDES phase II permit requirements.

Kirkland's committed to meeting its GMA population and employment targets. Its citizens and council believe it is essential to provide walking, biking, transit and vehicle options. Sources like TIB's urban connections, arterials, and sidewalk programs are a key part of the long-range funding strategy for those critical facilities. Yet for every eight city dollars requested, typically only one state dollar is available.

Seattle has 480 miles of streets with no sidewalks, endangering the safety of pedestrians. Sidewalks are the threads that physically weave neighborhoods together. Without them, neighborhoods lose touch with the greater community around them. Over $1 billion is needed to fill in Seattle's missing sidewalks.

Puyallup, Tacoma, and University Place each requested $1 million in LIFT awards, yet the state limits this authority to one per county and only $2.5 million is available statewide. Six other applicants in the state also have LIFT proposals.

Bellevue is creating one of the largest new mixed use, transit oriented, development opportunities in the state in part to respond to GMA and climate change goals. To make the vision a reality, this area alone requires over $500 million in local infrastructure investments for arterial streets, bicycle and pedestrian facilities, parks, open space and utilities. State infrastructure assistance could help jump start the projects and generate new revenues to the state.

Renton's population grew from 52,000 to over 80,000 with recent annexations. The city's capital costs are skyrocketing as it inherits infrastructure-deficient facilities, especially drainage- and stormwater-related. When city crews inspected a stormwater line in the "Earlington Annexation" area to be annexed this year, they found a sinkhole in the roadway and rotted and collapsing culverts that will take hundreds of thousands of dollars to repair.

Everett, with the second-largest municipal water utility in the state, has over $500 million in water, sewer, and stormwater-related infrastructure needs over the next decade. Ratepayers can't possibly finance these capital upgrades, leaving the city highly-dependent on state low-interest and revolving loan programs that are severely over-subscribed.

Hoquiam needs approximately $40M to replace its sewer treatment plant. Its citizens will face a $200 monthly bill for this service alone unless direct state funding assistance is provided. Hoquiam also faces another $30-40M to replace a 7 mile water transmission main and failing sewer force mains, and make critical repairs to its potable water sources.

Richland has a large portion of their sewer collection system that is 60 to 70 years old, making it very likely that much of the system is headed for failure at the same time.

Port Angeles is required to construct a new water filter plant to meet water quality standards alhough water quality hasn't changed over the past 30 years. The city also must spend $35M over seven years to reduce combined sewer overflow events. Replacement of aging infrastructure is being deferred because of these mandates.

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Economy, Quality of Life

Walla Walla struggles to meet Clean Water Act regulations. In 1996 they had a $16 million upgrade to construct an ozone purifying system to remove cryptosporidium from the drinking water, without even having a documented case. Fifty-eight percent of the city's current user rate revenue is now dedicated to debt repayment.

Wenatchee's 2005 street preservation plan required $1.5M in annual investments, with only $500,000 in dedicated REET revenues. In 2008, soaring costs now require $3M in annual investments and the REET has plummeted. The city also requires major sewer system upgrades to accommodate its growing population and stormwater system investments to meet NPDES Phase II requirements.

Spokane area voters stepped up to fund their interoperability needs by passing a 1/10% sales tax for radio towers, communications equipment, and 911 upgrades. Now the state government needs to do its part and make up the difference to help keep our communities safe.

Longview needs approximately $60 million to provide a new water supply source, abandon a sewer lagoon treatment facility and divert the flow to a regional treatment facility. Although qualified, the city didn't receive a Public Works Trust Fund loan. Now the city can't wait. It will use traditional bond financing, resulting in increased rates for its citizens.

Vancouver continues to look for an ongoing revenue source for its aging transportation system. Several years ago, a city transportation funding task force determined the city needed $14M annually to sustain 20-year growth projections and preserve the existing system. With inflation and rising construction costs, that figure is now approximately $20M.

Yakima, the regional center of Central Washington, spends about 60% of its budget for public health and safety, leaving only $25 million for all capital improvements in a $179 million budget. Transportation investments alone face a $75 million backlog, in addition to a $2 million street maintenance gap.

Lacey, for two decades, made infrastructure development and maintenance one of its highest municipal priorities. Yet, over the next 20 years, the city faces an overwhelming $250 million in infrastructure costs.

And when cities receive infrastructure funding...

Bellingham's recent designation as a LIFT demonstration project allows the city to leverage private sector investment to rehabilitate and redevelop over 140 acres of waterfront property, create jobs, develop parks and trails, and provide residences for its growing population. Without state assistance, these public improvements and private investments would be delayed for years.

Camas Thanks to financial assistance from the state (and others), the city built necessary infrastructure which supports a vibrant economy, attracts private investment and creates good jobs that benefit the city and state.

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Our Action Plan

The Washington State Legislature must take decisive action in 2009.

Catch up and keep up

- **Establish a one time infrastructure catch up** of $350 million for The Transportation Improvement Board and the Public Works Board to fund qualified projects.
- **Increase infrastructure related programs** to keep pace with capital construction costs.
- **Provide assistance that allows cities to keep up** with existing requirements and to address new state policies: Puget Sound cleanup, Vehicle Miles Traveled goals, climate change, stormwater, etc.

Build on our successful programs

- **Increase Transportation Improvement Board funding** by $35 - $50 million a year.
- **Increase the Public Works Trust Fund by 25%** and include a grant component with new funding for designated growth centers and small cities to "buy down" extraordinary utility rates.
- **Permanently fund the Community Economic Revitalization Board** for urban and rural projects- CERB is responsive to Washington's economic needs by successfully awarding infrastructure grants and loans every 45 days to jurisdictions.
- **Provide Local Infrastructure Financing Tool flexibility and reauthorization.** A pilot the last three years, this financing method allows cities to attract additional private sector investments. Reauthorizing the program with new awards for 2009-11 and repealing the one project per county is vital.
- **Enhance Urban Brownfield redevelopment** – Currently, EPA provides assessment grants on a nationally competitive basis, and the state's brownfields revolving loan program is $5.9 million federaly funded. However, assessement grants are too few, and loans do not work for everyone, especially municipal governments. Including state funding and adding grants component will clean up the environment, generate new development and infilling, and create state and local revenues.
- **Enhance funding for parks, open space, trails, and ballfields** both by protecting and increasing the existing funding within the WWRP, and by creatively using funding streams tied to initiatives such as the Puget Sound Partnership.

Leverage state funding

- **It makes sense to bond state dollars for legacy projects** – just as we finance homes and other big ticket items, one dollar in cash can leverage $10-$13 in infrastructure investment.

Update our fee and tax structure to meet 21st century needs

- **Adjust the state sewer, water, and solid waste taxes/fees that haven't been changed in decades** to refurbish old infrastructure and prepare for 1.5 million people in the upcoming years in Puget Sound alone.
- **Create a state stormwater revolving fund** to provide funding to help meet state stormwater requirements.
- **Institute a vehicle tailpipe user fee** to finance capital stormwater needs.

Local Infrastructure Options and Flexibility

- **Alternative Public Works Legislation.** Allow design build authority for projects under $10M.
- **Bid Limits.** Update 2002 bid limit authority to reflect inflationary construction costs.
- **Community Facilities Districts.** Provide enabling legislation to use this financing mechanism to fund local infrastructure.
- **Community Revitalization Financing legislation.** Modify existing language to make it a more viable tool.
- **Real Estate Excise Tax Reform.** Harmonize the first and second quarter local REET and allow its use for park maintenance.
- **Street Utility Authority.** Enable cities to charge a fee based on trip generation to meet street maintenance needs.
- **Transportation Benefit Districts.** Repeal the 10 year sunset on voter approved sales tax to enable bonding of this revenue stream.

Our Accountability Pledge

- With our request for funding, we accept a responsibility to be good stewards of our infrastructure and to track our efforts.
- We believe local match requirements that reflect a city's fiscal health make sense.
- We support points and criteria features in loan and grant programs that reward stewardship of our infrastructure.

Our Invisible Crisis

Sobering Facts About Washington's Infrastructure:

Challenges to meeting our citizens' goals

- The Growth Management Act (GMA) directs 217 cities to provide public facilities and accommodate increased density to support and encourage development, adding to the infrastructure burden. Major infrastructure projects involving flood control, emergency communications, and telecommunications -- certainly integral to today's infrastructure portfolio -- have nowhere to turn to for state funds.

- A series of other requirements, either at the state or federal level and administered by the state, add to infrastructure pressures. The Clean Water Act's stormwater requirements and the Safe Drinking Water Act requirements for clean and filtered drinking waters necessitate major upgrades of sewer and water treatment plants and facilities.

Dwindling financial resources

- The 1% property tax cap, initiatives that severely reduced or eliminated vehicle fees, and other fiscal constraints leave local governments with fewer and fewer resources to work with.

- In the 1960s, the federal government spent as much on infrastructure as state and local governments. It now spends one third of what states and locals do.

- The cost of infrastructure is soaring. Despite most cities best efforts to create capital replacement reserves, none could have predicted 34% construction cost increases in 2006 alone.

A good system is now overwhelmed and outdated

- The array of infrastructure programs, grants, and loans designed by the state 25 to 30 years ago was farsighted at the time. But now the system is overwhelmed by today's costs and doesn't meet the changing definition of infrastructure.

- The Public Works Trust Fund – the state's biggest infrastructure loan program – had to turn away $175 million in qualified projects in 2008.

- The Transportation Improvement Board, which funds large corridor projects and small city hardship projects due to stagnant and limited funding, receives about $8 in requests for every $1 it can grant.

- The 2007 State Department of Health Water Use Efficiency Rule requires communities that have more than 1000 service connections to have 10% or less system leakage based on total volume of source water by July 1, 2010. Systems under 1000 connections must comply by July 1, 2011. Communities have no direct state capital replacement resource to help them meet this rule.

- The legacy infrastructure projects of the 1930s, 1940s and 1950s are past the end of their useful life and serve more people than ever anticipated. If we neglect their maintenance and upkeep, the results are disastrous- a fallen bridge in Minneapolis, levees overrun in the Midwest, flooding in south central Washington.

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